

Testimony of  
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Columbus, Mississippi

Before the Tennessee Valley Authority  
Board of Directors

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My name is Fred Hayslett. I am the General Manager of Columbus Light & Water in Columbus, Mississippi. I am the immediate past Vice-Chairman of the Board of Directors of the Tennessee Valley Public Power Association and the immediate past President of the Northeast Mississippi Public Power Association (28 distributors).

Although geographically situated to have easy access to other power suppliers, barring any unforeseen circumstances or dramatic policy shifts by TVA, I doubt that Columbus Light & Water would be a distributor to give notice for any part of its load.

As such a distributor, it is in our best interest for TVA to remain a viable, financially stable power provider. It is in our best interest that we not be burdened with undue cost shifting created by the departure of other distributors or customers.

This is why I whole-heartedly support the contractual transmission access framework as put forth by the Tennessee Valley Public Power Association (TVPPA). I know that TVPPA has made every effort to keep TVA and congressional delegations informed as this product evolved. I am appreciative of the constructive input and comments TVA has provided to the process.

I have spent the past thirty years involved in some form of municipal level public service – from elected office to utility management. This experience convinces me that a contractual arrangement between TVA and the distributors is by far a much better road to travel than a legislatively mandated one.

The framework put forth by TVPPA which addresses transmission access is one I believe to be fair to all distributors. This proposal allows those distributors who have given notice to remove their entire load from the TVA system while benefiting those non-noticing distributors by methods such as retaining exclusive rights to the continued forward purchase of the output of TVA's current heritage generation assets and future TVA generation assets.

This proposal supports the principle that TVA remain viable and financially strong. We want TVA to continue to be an attractive investment opportunity. This desire to help ensure TVA's viability is the driving force behind the proposed measured rate of departure for any future noticing distributors for all or part of their load. A ratable departure level can be managed and will mitigate negative financial impact. In addition to providing protection to TVA, this process would also provide protection to those distributors with no desire to give notice.

We further support the idea that as a second step, the TVA Fence should be modified by legislative action to allow TVA to sell power to those other than the identified fourteen entities in the 1959 amendment to the TVA Act. That would give TVA the ability to sell outside the fence on a pro-rata basis set by the amount of lost load.

However, this desire for a legislative change must not stand in the way of a contractual process to allow transmission access. The legislated fence modification is not prerequisite for transmission access. In truth, those 14 identified utilities represent a majority of those with whom TVA has an existing interconnection agreement, and provides fairly deep market for the sale of excess TVA power.

I encourage the TVA Board to instruct TVA Executives to negotiate in good-faith with TVPPA to develop a contractual agreement based on the framework developed by TVPPA. I have no doubt that if TVA, the noticing distributors, and the non-noticing distributors do not execute an agreeable contractual arrangement pertaining to transmission access fairly soon, it will be done for us.

As is so often the case, none of us will like the end result.